

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION**

IN RE:

WAVERLY GARDENS OF MEMPHIS, LLC)	Case No. 08-30218-PJD
and)	Case No. 08-30221-PJD
KIRBY OAKS INTEGRA, LLC)	Chapter 11
d/b/a WAVERLY GLEN)	(Jointly Administered)
)	
Debtors.)	

**OBJECTION OF DEBTORS TO MOTION TO DISMISS FILED BY SHELBY
COUNTY TRUSTEE**

Waverly Gardens of Memphis, LLC and Kirby Oaks Integra, LLC d/b/a Waverly Glen, Debtors-in-Possession, object to the Motion of the Shelby County Trustee to dismiss for failure to pay post-petition ad valorem property taxes, and in support of their objection would show the Court as follows:

1. The subject case was filed on October 2, 2008. The Debtor continues to operate its business as Debtor in Possession.
2. The Debtors admit that a substantial amount of post-petition real property taxes are due and owing to the Shelby County Trustee.
3. Pursuant to this Court's Order of March 16, 2011, the Court authorized the Debtor to employ Senior Living Investment Brokerage, Inc. ("SLI") as a real estate professional to market and sell the Debtor's real property. SLI is actively engaged in the sales of Debtor's property and has obtained several letters of intention from prospective purchasers. Some of these letters of intent contemplate further financing by First Tennessee Bank and are presently under consideration by the Debtor and First Tennessee Bank.

4. The Debtor submits that the value of the property is such that in the event of any sale, the liens and priority tax claims asserted by Shelby County Trustee shall be satisfied in full.

5. Pursuant to 11 U.S.C. §1112(b)(2), the relief sought by Shelby County Trustee is not in the best interest of creditors in the estate in that the Debtor is a healthcare business within the meaning of 11 U.S.C. §101(27A), and dismissal of the case to permit foreclosure on its tax lien by the Shelby County Trustee could be disruptive to Debtor's ability to operate its business and provide for its residents. Debtor submits that there is reasonable likelihood that a suitable purchaser can be found for the property, and that the Debtor would either be able file a liquidating plan within a reasonable amount of time or to obtain a sale of the property pursuant to 11 U.S.C. §363.

6. Dismissal of the case could result in a forced shutdown of the Debtor's business, with adverse consequences to the Debtor's residence. Such action is unnecessary given the fact that the Shelby County Trustee is essentially in a first lien position and its claim will be satisfied in full by the property out of any sale.

Wherefore, the Debtors pray that the Court deny the Shelby County Trustee's Motion to Dismiss or Convert and that the Court grant the Debtor such relief to which they may be entitled.

Respectfully submitted,

BUTLER, SNOW, O'MARA, STEVENS & CANNADA, PLLC

/s/ Michael P. Coury

Michael P. Coury

6075 Poplar Avenue, Suite 500

Memphis, TN 38119

Telephone: (901) 680-7348

Fax: (901) 680-7201

Email: Mike.Coury@butlersnow.com

Attorney for the Debtors

CERTIFICATE OF SERVICE

I hereby certify that on the 9th day of May, 2011, a copy of the foregoing Objection of Debtors to Motion to Dismiss Filed by Shelby County Trustee has been mailed electronically to all persons listed on the Court's ECF mailing list or by first-class United States mail, postage prepaid, to the following:

Elijah Noel, Esq.
Harris Shelton Hanover Walsh, PLLC
One Commerce Square, Suite 2700
Memphis, TN 38103-1455

Karen Dennis
U. S. Trustee
200 Jefferson Ave., Suite 400
Memphis, TN 38103

R. Spencer Clift III, Esq.
Baker Donelson
165 Madison Avenue, Suite 2000
Memphis, TN 38103

/s/ Michael P. Coury

Memphis 2088261v1